

Message Text

SECRET

PAGE 01 STATE 010923
ORIGIN EA-12

INFO OCT-01 ISO-00 ONY-00 /013 R

DRAFTED BY EA/TIMBS:STAFF:EVC
APPROVED BY EA/TIMBS:REFRITTS
DESIRED DISTRIBUTION
EA ONLY

-----015625 141135Z /23

R 140237Z JAN 78
FM SECSTATE WASHDC
TO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS
XMT AMEMBASSY SUVA

S E C R E T STATE 010923

STADIS////////////////////////////////

E.O. 11652: GDS

TAGS: OTRA, SHUM

SUBJECT: WEEKLY STATUS REPORT -- THAILAND, INDONESIA,
MALAYSIA, BURMA AND SINGAPORE AFFAIRS

INDONESIA

F-5S FOR INDONESIA

AN EXISTING FREEZE ON NOTIFICATION TO CONGRESS OF ARMS
TRANSFER CASES PENDING DEPT RESOLUTION OF THE CEILING
THREATENED OUR PLEDGE TO THE INDONESIANS TO SEND THE F-5
CASE TO THE HILL IN JANUARY. WE WERE GEARING UP FOR A
MAJOR EFFORT ON THE MATTER, BUT IT NOW APPEARS WE MAY BE
ABLE TO SEPARATE THE F-5 PACKAGE WITHOUT DIFFICULTY.
THE M-16 CO-PRODUCTION MATTER, WHICH WILL BE HANDLED AS
SECRET

SECRET

PAGE 02 STATE 010923

A COMMERCIAL TRANSACTION, MAY NOT MEET THE JANUARY TIME-
FRAME, BUT WE BELIEVE ITS EXTENSION WILL NOT POSE A PRO-
BLEM. THE F-5 MATTER HAS BECOME AN INDONESIAN FOCAL POINT
OF OUR RELATIONS COMPARABLE TO THE ATTENTION WE DEVOTED
TO DETAINEE RELEASES. THE TESTS OF CONFIDENCE ARE ALSO
EQUIVALENT.

NEW INDONESIAN AMBASSADOR

AMBASSADOR-DESIGNATE ASHARI WILL ARRIVE IN WASHINGTON ON

WEDNESDAY, JANUARY 25. WE EXPECT THAT THE REQUIRED TWO OTHER AMB-DESIGNEES TO COMPOSE THE LIST OF THREE NEEDED FOR SCHEDULING CREDENTIALS CEREMONIES WILL BE AVAILABLE BY MID-FEBRUARY. WE HAVE EMPHASIZED TO PROTOCOL AND THE NSC THAT THE INDONESIANS EXPEDITED AMBASSADOR MASTERS' ACCREDITATION AND WE WISH TO PROVIDE RECIPROCITY.

INDONESIAN BUDGET

IN VIEW OF THE CONTINUED BELIEF IN SOME AGENCIES THAT THE INDONESIAN DEVELOPMENT EFFORT (PARTICULARLY IN AGRICULTURE) IS INADEQUATE, IT IS USEFUL TO NOTE THAT THE FY 79 DEVELOPMENT BUDGET FOR INDONESIA WILL BE UP 13 TO \$5.9 BILLION OR 51 OF THE TOTAL NATIONAL BUDGETS. THE LARGEST ITEM IS AGRICULTURE AND IRRIGATION - \$1 BILLION (UP 10). EDUCATION AND CULTURE IS UP 22 TO \$65 MILLION PRIMARILY BECAUSE OF EXTENDING FREE EDUCATION. TRANSMIGRATION EXPENDITURES WILL INCREASE 80 TO \$260 MILLION. THE CORPORATE OIL TAX (ABOUT \$5 BILLION) WILL ACCOUNT FOR 52 OF TOTAL # REVENUES (DOWN FROM THE PREVIOUS 55). FOREIGN AID RECEIPTS ARE ESTIMATED TO INCREASE 10 TO \$2.1 BILLION. PRESIDENT SUHARTO'S BUDGET PRESENTATION
SECRET

SECRET

PAGE 03 STATE 010923

EMPHASIZED "BREAD-AND-BUTTER" RATHER THAN LAST YEAR'S RHETORICAL FOCUS ON THE NEW INTERNATIONAL ECONOMIC ORDER.

CREDIT EXPANSION TO STIMULATE THE INDONESIAN ECONOMY
(JAKARTA 0109) (LOU)

IN WHAT THE EMBASSY CHARACTERIZES AS THE MOST SWEEPING ECONOMIC POLICY CHANGE SINCE 1974, PRESIDENT SUHARTO HAS APPROVED MEASURES TO HELP STIMULATE ECONOMIC GROWTH, INVESTMENTS AND EXPORTS. NEW LENDING RATES HAVE BEEN APPROVED, BANK DEPOSIT RATES REDUCED, AND LIBERALIZED LETTERS OF CREDIT FACILITIES ESTABLISHED TO ENCOURAGE SPECIFIED EXPORTS AND IMPORTS, PARTICULARLY SPARE PARTS AND RAW MATERIALS FOR INDONESIAN MANUFACTURING. EMB JAKARTA NOTED THAT THIS IS A MAJOR SHIFT AWAY FROM THE AUSTERITY WHICH WAS DECREED IN THE AFTERMATH OF THE PERTAMINA CRISIS, AND THE WORLD RECESSION. THE NEW POLICY SHOULD HAVE AN EARLY AND FAVORABLE IMPACT DEPENDENT, IN PART, ON HOW THE CENTRAL BANK MANIPULATES THE CREDIT CEILINGS.

BURMA (CONFIDENTIAL)

WE CONVENED A MEETING THIS WEEK BETWEEN THE BURMESE EMBASSY, DEPT AND DOD OFFICIALS IN AN EFFORT TO OVERCOME THE BUREAUCRATIC PROBLEMS ON ALL SIDES WHICH HAVE HAMPERED

OUR HANDLING OF BURMESE ARMS PURCHASE REQUESTS (AMMUNITION, USED RECOILLESS RIFLES, ETC.). INEPTITUDE AND CONFUSION HAD AT ONE TIME POSITED POLITICAL MISUNDERSTANDINGS. HOPEFULLY, THE USG CAN DO BETTER.

RICE PRODUCTION DOWN -- MAYBE

RANGOON REPORTS MIXED ESTIMATES OF BURMESE PADDY HARVEST FOR 1977/78 CROP YEAR ENDING MARCH 31. AGRICULTURE MINI-
SECRET

SECRET

PAGE 04 STATE 010923

STRY STILL EXPECTS 9.3 MILLION LONG TONS BUT TRADE SOURCES BELIEVE DROUGHT CONDITIONS MAY REDUCE PRODUCTION BY 15 OR 20 PERCENT. EMBASSY ESTIMATES PRODUCTION WILL BE ABOUT 9 MILLION TONS OR ON A PAR WITH PAST TWO YEARS' HARVEST. ALTHOUGH EXPORTS IN CALENDAR 1977 WILL EXCEED 600,000 TONS, REDUCED HARVEST MAY CUT BACK EXPORTS SHARPLY IN FIRST QUARTER 1978 POSING PROBLEMS FOR BURMESE FOREIGN EXCHANGE EARNINGS AND IMPORTERS SUCH AS INDONESIA.

THAILAND

FMS CREDITS FOR THAILAND

ON JUNE 5, OUR DCM AND JUSMAG CHIEF IN BANGKOK DISCUSSED WITH SENIOR THAI MILITARY OFFICIALS U.S. ARMS TRANSFER POLICY AND OUR SECURITY ASSISTANCE PROGRAM IN THAILAND. ADMIRAL JINAWAT, WHO IS RESPONSIBLE FOR COORDINATING U.S. SECURITY ASSISTANCE, RAISED THE POSSIBILITY OF INCREASED FMS CREDITS IN VIEW OF THE TERMINATION OF GRANT MAP. THE DCM POINTED OUT (AGAIN) THAT ENCOURAGING RESTRAINT WAS THE UNDERLYING OBJECTIVE OF THE U.S. ARMS TRANSFER POLICY AND IT WOULD BE MORE REALISTIC TO THINK IN TERMS OF TRYING TO MAINTAIN ROUGHLY THE PRESENT FMS CREDIT LEVELS FOR THAILAND THAN TO EXPECT MAJOR INCREASES. HE ALSO SUGGESTED THAT THE MISSION AND RTG OFFICIALS CONTINUE AN INFORMAL DIALOGUE ON SECURITY ASSISTANCE MATTERS RATHER THAN DEALING WITH FORMAL THAI REQUESTS FOR INCREASED FMS LEVELS WHICH MIGHT BE UNREALISTIC. JINAWAT AGREED WITH THIS APPROACH.

THAI-VIETNAMESE RELATIONS (SECRET)

EMBASSY BANGKOK REPORTS THAT DESPITE A GENERAL BELIEF
SECRET

SECRET

PAGE 05 STATE 010923

AMONG THAIS THAT THE CAMBODIANS PROVOKED HANOI, THE CAMBODIAN-VIETNAMESE BORDER CONFLICT HAS RE-AROUSSED CONCERN IN BANGKOK ABOUT HANOI'S LONG-TERM INTENTIONS IN THE AREA. THERE IS CONCERN THAT THE BORDER FIGHTING MAY HAVE WHETTED VIETNAMESE AMBITIONS. FONMIN OFFICIALS ARE NOT OPTIMISTIC ABOUT AN EARLY RESOLUTION OF THE CONFLICT, NOR DO THEY

BELIEVE DIFFICULTIES WITH THE VIETNAMESE WILL CAUSE PHNOM PENH TO SEEK EARLY RESOLUTION OF BORDER PROBLEMS WITH BANGKOK.

DESPITE THAI CONCERN ABOUT HANOI'S LONG-TERM INTENTIONS, THE JAN 9-12 VISIT TO THAILAND OF SRV FOREIGN MINISTER NGUYEN DUY TRINH APPEARS TO BE REGARDED BY BOTH SIDES AS SUCCESSFUL. IN THE JOINT COMMUNIQUE ISSUED JANUARY 12, THE TWO SIDES AGREED THAT EMBASSIES WILL BE OPENED SOON, THAT POSTAL AND TELECOMMUNICATIONS LINKS WILL BE NORMALIZED, AND THAT PROBLEMS BETWEEN THAILAND AND VIETNAM WILL BE RESOLVED THROUGH PEACEFUL NEGOTIATIONS. WHILE A NUMBER OF DIFFICULT PROBLEMS REMAIN TO BE NEGOTIATED AFTER THE OPENING OF EMBASSIES, THE PUBLIC SIDE OF THE TRINH VISIT WAS MARKED BY EMPHASIS ON MUCH BRIGHTER PROSPECTS FOR FUTURE THAI-VIETNAMESE RELATIONS.

HIGHLAND DEVELOPMENT (LOU)

AID OFFICERS MET JAN 6 TO DISCUSS DR. GERALD HICKEY'S PROPOSED ANALYSIS OF A POTENTIAL HIGHLAND DEVELOPMENT PROJECT IN THAILAND. DR. HICKEY PLANS TO TRAVEL TO THAILAND IN LATE JANUARY AND SPEND 2-3 MONTHS CONDUCTING A SOCIO-ECONOMIC ANALYSIS OF THE HIGHLANDS OF NORTHERN THAILAND. HIS FINAL REPORT WILL INCLUDE SPECIFIC RECOMMENDATIONS FOR AID'S PROPOSED FY 79 INVOLVEMENT IN HIGHLAND DEVELOPMENT. S/NM, AID, AND TIMBS OFFICERS WILL MEET WEEK OF JAN 16 TO EXPLORE THE POSSIBILITY OF HICKEY ALSO PROVIDING SOME SPECIFIC ADVICE TO THE THAI

SECRET

SECRET

PAGE 06 STATE 010923

ON PROJECT DESIGN/PLANNING ASSISTANCE FOR THE CURRENT CROP SUBSTITUTION PROGRAM BEING FINALIZED BY THE RTG.

THAI INTERNATIONAL BEGINS VIETNAM OVERFLIGHTS

THAI INTERNATIONAL AIRWAYS BEGAN FLIGHTS OVER SAIGON ON JAN 9. FOUR FLIGHTS DAILY ARE SCHEDULED. ROUTE REDUCES

BANGKOK-HONG KONG FLYING TIME 20-25 MINUTES AT SAVING OF \$600 PER TRIP. RTG HOPES TO SECURE AGREEMENT AT VIENTIANE AVIATION MEETING FEB 9 WHICH WILL RESTORE AMBER ONE ROUTE OVER DANANG ON THE BANGKOK-HONG KONG FLIGHT SECTOR.

ECONOMIC PERFORMANCE GOOD IN 1977 (LOU)

EMBASSY BANGKOK REPORTS THAI ECONOMY PERFORMED WELL IN 1977 WITH RICE EXPORTS BREAKING RECORD AT 2.9 MILLION METRIC TONS DESPITE DROUGHT. RUBBER AND TIN EXPORTS WERE UP.

EMBASSY VIEW, WHICH WE SHARE, IS THAT RECENT END-OF-YEAR RTG STATEMENTS ON ECONOMY ARE EXCESSIVELY PESSIMISTIC. THAI ECONOMY IS STILL STRONG AND PROBLEMS SUCH AS BALANCE OF PAYMENTS DEFICITS (\$375 MILLION FOR CY 77) ARE MANAGEABLE. PERHAPS RTG PREPARING PUBLIC FOR UNPOPULAR ECONOMIC MEASURES RELATING TO LUXURY IMPORTS, HIGHER FOOD AND GASOLINE PRICES AND HIGHER TAXES.

SINGAPORE

NEW YORK VISIT BY PRIME MINISTER LEE KUAN YEW

AS YOU MAY KNOW, PM LEE KUAN YEW WILL ARRIVE IN NEW YORK ON THE MORNING OF JANUARY 15 WHERE HE WILL PARTICIPATE
SECRET

SECRET

PAGE 07 STATE 010923

IN AN ASPEN INSTITUTE-SPONSORED CONFERENCE. HE WILL DEPART FROM NEW YORK ON THE EVENING OF THE 18TH. NO VISIT TO WASHINGTON IS PLANNED. SECRET SERVICE COVERAGE AND APPROPRIATE COURTESIES HAVE BEEN ARRANGED FOR ARRIVAL AND DEPARTURE. WE UNDERSTAND THAT CONFERENCE PARTICIPANTS WILL INCLUDE EDWARD HEATH, HENRY KISSINGER AND GEORGE SHULTZ.

THE PM CALLED IN AMB HOLDRIDGE FOR A DE-BRIEFING OF THE COM CONFERENCE AND CURRENT US-SINGAPORE MATTERS INCLUDING P-3 STAGING AND THE REFUGEE TRANSIT FACILITY. THE LATTER HAS BECOME A CONTENTIOUS ISSUE. VANCE

SECRET

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 jan 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE010923
Document Source: CORE
Document Unique ID: 00
Drafter: STAFF:EVC
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780022-0147
Format: TEL
From: STATE
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780162/aaaacamb.tel
Line Count: 268
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 0aa363e3-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EA
Original Classification: SECRET
Original Handling Restrictions: ONLY, STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: ONLY, STADIS
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 28 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3773621
Secure: OPEN
Status: NATIVE
Subject: WEEKLY STATUS REPORT -- THAILAND, INDONESIA, MALAYSIA, BURMA AND SINGAPORE AFFAIRS INDONESIA
TAGS: OTRA, SHUM, XC
To: EA POSTS SUVA
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/0aa363e3-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014